

~~SECRET~~

CENTRAL INTELLIGENCE AGENCY

2 May 1961

MEMORANDUM FOR: Mr. Allan Evans, State (INR)
Colonel B. R. Brown, USA (ACSI)
Captain H. W. McElwain, USN (ONI)
Colonel F. J. Cole, USAF (AFCIN 2B3)
Colonel K. T. Gould, USA (J-2, The Joint Staff)
[redacted] Director of Operational Services, NSA
Mr. Randolph V. Zander, Defense (OSO)

50X1

SUBJECT: NIE 35-61: THE OUTLOOK FOR ISRAEL

1. The attached terms of reference were agreed on at the meeting of the USIB representatives on 2 May.

2. Contributions on all aspects except political are due by close of business on 1 August. Political contributions, and any changes in the others that the election results dictate, are due as soon after the elections as possible.

Chester L. Cooper
CHESTER L. COOPER
Acting Assistant Director
National Estimates

DISTRIBUTION B

~~SECRET~~

SECRET

C E N T R A L I N T E L L I G E N C E A G E N C Y

2 May 1961

SUBJECT: TERMS OF REFERENCE: NIE 35-61: OUTLOOK FOR ISRAEL

THE PROBLEM

To assess the outlook for Israel over the next two or three years.

NOTE

We plan a fairly comprehensive treatment of Israel in this NIE, including political, military, economic, and scientific aspects. We believe particular attention should be paid to the basic political realities of Israel and to the developments which might change the foci of power. The elections of 15 August will, of course, be most illustrative in forecasting trends in this regard. We would suggest contributions on all aspects except political be submitted on 1 August with political contributions

SECRET

SECRET

and any changes in the others that the election results dictate, following as soon after the elections as possible.

QUESTIONS BEARING ON THE PROBLEM

I. INTERNAL

A. Political

1. The basic power structure in Israel. Mapai's dominant position; increasing or decreasing? Other parties prospects? Results of the dying off of the Zionist old guard and rise of younger men. Changing concepts of the role and mission of the government and the state. Israel's relationship to the World Zionist movement. Role of the Communists in Israel. Role and attitudes of public opinion.
2. New Knesset and government. Composition; relative gains and losses of the parties; their significance. Expected lines of policy of new government.
3. Ben Gurion's future as leader: (a) of Israel, and (b) of Mapai. Harm to him from the Lavon and Beer

- 2 -

SECRET

SECRET

cases. Prospects for the succession if he retires; will there be single or collective leadership of Mapai. Extent of his influence from retirement or if he stays in active politics.

B. Principle Social Developments -- significant trends in:

1. Immigration and Emigration;
2. Status of the Arabs in Israel;
3. Social stresses -- e.g., position of oriental Jews;
4. Kibbutz system.

C. Economic

1. General Economic Situation: recent progress and prospects for the future. Degree of self-sufficiency. Necessity for aid? Economic effects of the Arab boycott, immigration, and military expenditures.
2. Balance of Payments: likelihood and size of continuing trade deficit. Effect of cessation of German reparations and increase of payments on foreign debts. Other sources of foreign exchange. Table on sources and amounts of foreign aid -- 1950-1960. Table on balance of payments -- 1950-1960.

SECRET

3. The Histadrut: prospects for the long-term relationship between state and Histadrut for control of the economy. Socialism versus free enterprise, and the problem of foreign investment.
4. Economic significance and costs of successful completion of Jordan waters diversion.

D. Military

1. Israeli strategic military policy -- purpose and aims of defense forces.
2. Effectiveness of Israeli Defense Forces.
 - a. In event of attack by one or more Arab countries.
 - b. In taking offensive against UAR, Jordan, and Lebanon, singly or collectively.
3. Collaboration with France.
 - a. Degree of material support.
 - b. Links between French and Israeli defense establishment. Degree to which collaboration is carried out by Ministry of Defense without general civilian government knowledge.
 - c. Prospects for future especially if there is an Algerian settlement.

- 4 -

SECRET

SECRET

4. Control of the Defense Forces. Their political role. Relationship of IDF to general civilian government.

5. Arms production. R&D for military uses.

6. Israeli Nuclear Program

a. Purpose(s): Likelihood of acquiring nuclear weapons.

b. Timing of such acquisition.

c. Delivery capabilities.

50X1

E. Other Aspects of Israeli Scientific Development; e.g.,

1. Peaceful uses of nuclear energy.

2. De-salinization of water.

II. FOREIGN AFFAIRS -- postulates and objectives of Israeli foreign policy and consequent positions vis-a-vis:

A. The Arabs.

1. Hostilities: conditions which could bring them about -- likelihood.

- 5 -

SECRET

SECRET

2. Jordan waters.
 3. Refugees: evidence of hardening or softening in Israeli and Arab positions.
 4. Prospects for an accommodation, limited or general.
 5. Implications in relations with the Arabs of possession of nuclear capability.
- B. The United Nations
- C. France -- largely a function of II C 2 above.
- D. West Germany.
- E. US and UK.
- F. Communist Bloc. Soviet policy toward Israel.
- G. Countries in ~~Africa~~ Africa and Asia.
- H. Latin America

III. POST MORTEM

- IV. VALIDITY STUDY OF NIE 35-58, "THE OUTLOOK FOR ISRAEL,"
DATED 29 APRIL 1958.

- 6 -

SECRET